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2-2

DDA 76-4402

1 September 1976

25X1A

MEMORANDUM FOR: Comptroller

FROM :
Assistant for Information, DDA

SUBJECT : Automated Decisionmaking Systems

REFERENCES : (a) OMB Memo to Heads of Executive
Departments and Agencies dtd 29 May
76, same subject

(b) Comptroller Memo (Compt 76-072) dtd
19 Jul 76, same subject

(c) DDA Memo (DDA 76-3907) dtd 4 Aug 76,
same subject

1. In response to OMB's request for data related to automated decisionmaking systems which was forwarded to the Deputy Director for Administration by reference (b), the DDA sent a memorandum to each of his office directors explaining the request and attaching a short form for them to complete in response thereto. A copy of this DDA memorandum is attached for your information.

2. Of the eight DDA offices, four (Security, Data Processing, Medical Services and Training) have replied in the negative stating that there are no computer applications under their jurisdiction which meet the criteria of the OMB request.

3. The four remaining offices of the Directorate (Finance, Logistics, Personnel and Communications) have submitted information and copies of their replies are attached as tabs. An analysis of these replies indicates that with the exception of the Office of Communications, the systems being reported on only partially meet the definitions of automated decisionmaking systems as provided by OMB. Nonetheless, we are assuming that given the nature of the OMB

DDA REGISTRY BACKGROUND

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request, it would be your desire to report on systems even where their relationship to the study at hand might be remote. In any case, it is interesting to note that there do not appear to be any significant problems of the type OMB apparently is interested in.

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Attachments: a/s

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AI/DDA [redacted] ydc (1 September 1976)

Distribution:

Original - Addressee w/atts.

- ✓ 1 - DDA Subject w/atts. + background
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76-3907

4 AUG 1976

163a

REFERENCE
(b)

MEMORANDUM FOR: ✓ Director of Communications
 ✓ Director of Data Processing
 ✓ Director of Finance
 ✓ Director of Logistics
 ✓ Director of Medical Services
 ✓ Director of Personnel
 ✓ Director of Security
 ✓ Director of Training

FROM : Michael J. Malanick
 Acting Deputy Director for Administration

SUBJECT : Automated Decisionmaking Systems

REFERENCE : OMB Memo to Heads of Executive Departments
 and Agencies, dtd 29 May 76, same
 Subject (attached)

1. The Comptroller General prepared a report to the Congress dated April 23 1976, "Improvements needed in Managing Automated Decisionmaking by Computers Throughout the Federal Government." The gist of this report (some 80 pages in length) is that so-called automated decisionmaking applications often cause actions to be initiated automatically and without manual review which cause unnecessary costs to be incurred by the Government. For example, an inventory system may generate an order for unneeded material, a benefit program may make improper payments to recipients, a scheduling system may cause equipment to be serviced unnecessarily, an improper notification may be issued, material may be disposed of unnecessarily. The Comptroller General has made various recommendations for reviewing automated decisionmaking systems to determine the extent to which improper actions have or may be occurring, and for initiating actions to improve systems, procedures, and policies to assure maximum effectiveness of such systems.

2. The Office of Management and Budget has requested the Director of Central Intelligence to perform certain reviews of automated decisionmaking applications and to include an appropriate narrative in the FY 1978 ADP budget to be submitted in the fall of 1976. The Comptroller has asked that I provide him with a consolidated report that is responsive to subparagraphs 1, 2, and 3 of the OMB request.

3. Accordingly, you are requested to complete the attached "Report of Automated Decisionmaking Applications" for your Office and to forward this to [redacted] Assistant for Information, DDA, by 23 August 1976.

STATINTL

[redacted]

Michael J. Malanick

STATINTL

Atts: OMB Memo
Form for "Report of Automated
Decisionmaking Applications"

STATINTL

ODP: [redacted]:ko:3 Aug 76
Distribution:

Orig - D/CO
Xcy - Ea Office Director
1 - DDA Subject w/background
1 - DDA Chrono
1 - MJM Chrono

76-2439

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

COMPT 76-0721

76-0721
7/3/76

May 29, 1976

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Automated Decisionmaking Systems

The Comptroller General has recently forwarded to you a report entitled "Improvements Needed in Managing Automated Decisionmaking by Computers Throughout the Federal Government" dated April 23, 1976. This report cites examples of unnecessary costs incurred by the government as a result of improper payments and billings, unnecessary overhauls, requisitions and shipments and similar improper actions caused by inadequate computer software and/or administrative controls. The GAO expressed concern that this problem may be more widespread than identified in their study and recommended that the Office of Management and Budget initiate action to assure that agency uses of computers for such purposes are reviewed and corrected as appropriate and that standards to guide the development and operation of such applications be established.

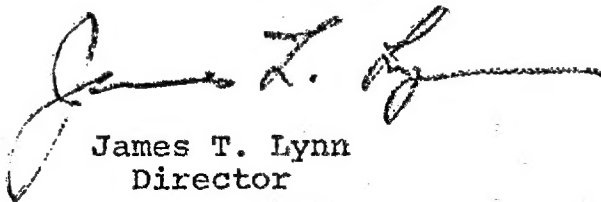
In order to assess the extent to which this problem may exist and so that we can better evaluate the need for further action, you are requested to review this report and take the following actions:

1. Review each of your computer operations to determine whether any of them involve automated decisionmaking applications as defined in the GAO report.
2. Review all administrative procedures, criteria, computer programs, etc. pertaining to such automated decisionmaking applications to assess the possibility and probability of improper actions, the extent to which improper actions have or may be occurring and the monetary value of those improper actions.
3. Identify and implement any improvements necessary to minimize the future occurrence of improper actions and correct improper past or pending actions where possible and appropriate.
4. Review and analyze your existing policies, responsibilities, and procedures relative to the design, development, test, evaluation, and approval of automated

processes and systems to assure maximum efficient, effective, and economical utilization of such resources and develop any new policies, procedures, guidelines, or methodologies as necessary.

5. Provide the results of your review and a description of corrective steps taken, underway or planned as part of the narrative to the FY 1978 ADP budget, to be submitted in Fall 1976.

With your assistance and continuing attention to this issue we can work toward effective use of technology to maximize efficiency and effectiveness of government operations. Questions should be addressed to the Information Systems Division, telephone number (202) 395-3785.



James T. Lynn
Director

92.11.26 6.12.76

92.11.26 4.1.76

REPORT OF AUTOMATED DECISIONMAKING APPLICATIONS

OFFICE: _____ DATE: _____

Automated Decisionmaking Applications

Definition

"Automated decisionmaking applications are computer programs that initiate action (through output) on the basis of programmable decisionmaking criteria established by management and incorporated in computer instructions. The distinguishing characteristic of these applications as compared to other computer application programs, is that many of the computer's actions take place without manual review and evaluation."
(From GAO report.)

1. Briefly describe any computer application for your Office that should be included within the foregoing definition for automated decisionmaking applications. Indicate the kind of automatic action (or form) that is initiated by the computer?

2. Based on your review of all administrative procedures, criteria, computer programs, etc. pertaining to each of the automated decisionmaking applications described in 1, indicate your assessment of the possibility and probability of improper actions, the extent to which improper actions have or may be occurring, and the monetary value of these improper actions.

3. Identify and describe actions which you are implementing to minimize or correct improper actions described in 2.

REPORT OF AUTOMATED DECISIONMAKING APPLICATIONS

OFFICE: FINANCE DATE: 19 August 1976

Automated Decisionmaking Applications

Definition

"Automated decisionmaking applications are computer programs that initiate action (through output) on the basis of programmable decisionmaking criteria established by management and incorporated in computer instructions. The distinguishing characteristic of these applications as compared to other computer application programs, is that many of the computer's actions take place without manual review and evaluation."
(From GAO report.)

10/FIN

1. Briefly describe any computer application for your Office that should be included within the foregoing definition for automated decisionmaking applications. Indicate the kind of automatic action (or form) that is initiated by the computer?

The Office of Finance utilizes many edits and validates in its systems such as positive reporting in payroll operations and many controls in the accounting system such as rejecting bad data through dictionary table lookups plus other automated decisionmaking such as computer programmed transaction codes that "explode" into general ledger entries. However, we feel none of the above take place without review and evaluation at the proper levels.

2. Based on your review of all administrative procedures, criteria, computer programs, etc. pertaining to each of the automated decisionmaking applications described in 1, indicate your assessment of the possibility and probability of improper actions, the extent to which improper actions have or may be occurring, and the monetary value of these improper actions.

See Number 1.

3. Identify and describe actions which you are implementing to minimize or correct improper actions described in 2.

N/A

REPORT OF AUTOMATED DECISIONMAKING APPLICATIONS

OFFICE: Logistics DATE: 16 August 1976

Automated Decisionmaking Applications

Definition

"Automated decisionmaking applications are computer programs that initiate action (through output) on the basis of programmable decisionmaking criteria established by management and incorporated in computer instructions. The distinguishing characteristic of these applications as compared to other computer application programs, is that many of the computer's actions take place without manual review and evaluation."
(From GAO report.)

01

1. Briefly describe any computer application for your Office that should be included within the foregoing definition for automated decisionmaking applications. Indicate the kind of automatic action (or form) that is initiated by the computer?

A careful examination of all existing computer applications in the Office of Logistics shows that none fit the given definition for automated decision-making application. In every case where the computer is involved in a decisionmaking process, the result is reviewed manually prior to any positive action being taken. For example, in the Inventory Control System, the system will decide when an individual line item should be reordered; however, if, when, and how many to order is the responsibility of the item manager. This principle holds true for all other computer applications.

2. Based on your review of all administrative procedures, criteria, computer programs, etc. pertaining to each of the automated decisionmaking applications described in 1, indicate your assessment of the possibility and probability of improper actions, the extent to which improper actions have or may be occurring, and the monetary value of these improper actions.

3. Identify and describe actions which you are implementing to minimize or correct improper actions described in 2.

OFFICE: Office of Personnel DATE: 12 August 1976

Automated Decisionmaking Applications

Definition

"Automated decisionmaking applications are computer programs that initiate action (through output) on the basis of programmable decisionmaking criteria established by management and incorporated in computer instructions. The distinguishing characteristic of these applications as compared to other computer application programs, is that many of the computer's actions take place without manual review and evaluation."
(From GAO report.)

OP

1. Briefly describe any computer application for your Office that should be included within the foregoing definition for automated decisionmaking applications. Indicate the kind of automatic action (or form) that is initiated by the computer?

1. The only applications in the Personnel systems which could remotely be construed as automated decisionmaking by computers are:

- a) Block change routines wherein changes to values in dictionaries initiate changes in individual employee records. A report of employees affected is generated for review. Examples:
 - 1) Salary tables - A notification of the change is also produced for the employee.
 - 2) Organizational titles
 - 3) Occupational titles
 - 4) Career Service designations, etc.
- b) Automated reassignments in cases of reorganizations whereby an employee is moved with his position or dropped to a pending reassignment status if his position is deleted. These changes are reflected on the next Staffing Complement report. A special listing is produced of employees whose positions have been deleted.

2. Based on your review of all administrative procedures, criteria, computer programs, etc. pertaining to each of the automated decisionmaking applications described in 1, indicate your assessment of the possibility and probability of improper actions, the extent to which improper actions have or may be occurring, and the monetary value of these improper actions.

In our opinion the two applications are proper utilization of computer power and result in prompt and equitable treatment of employees, saving the Agency the expense of preparing and processing individual personnel actions to update employee records to reflect management actions.

3. Identify and describe actions which you are implementing to minimize or correct improper actions described in 2.

Not applicable.

REPORT OF AUTOMATED DECISIONMAKING APPLICATIONS

OFFICE: Office of Communication DATE: 18 August 1976

Automated Decisionmaking Applications

Definition

"Automated decisionmaking applications are computer programs that initiate action (through output) on the basis of programmable decisionmaking criteria established by management and incorporated in computer instructions. The distinguishing characteristic of these applications as compared to other computer application programs, is that many of the computer's actions take place without manual review and evaluation."
(From GAO report.)

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2. Based on your review of all administrative procedures, criteria, computer programs, etc. pertaining to each of the automated decisionmaking applications described in 1, indicate your assessment of the possibility and probability of improper actions, the extent to which improper actions have or may be occurring, and the monetary value of these improper actions.

The probability of improper actions is extremely low or non-existent for both CDAS and AUTEMP. Both systems have been in operation since 1970 and the only improper actions experienced have resulted from human error. The monetary value of any improper actions would be minimal, however, the operational and security damage which could result from an improper action could be severe.

3. Identify and describe actions which you are implementing to minimize or correct improper actions described in 2.

Since there have been no improper actions as a result of the automatic decisions, no action is being taken to minimize or correct improper actions. Actions are being taken to modernize and expand the capabilities of both CDAS and AUTEMP.